

Why online marketplaces should implement IP protection programmes

Fernanda Díaz and **Víctor Ramírez** of **Olivares** discuss the role and responsibilities of online intermediaries in connection with IP rights in Mexico

As a brief introduction, according to the Mexican Association of Internet (AMIPCI), e-commerce has increased rapidly since 2012 along with the fact that during 2015 three-quarters of online Mexicans were purchasers. Derived from the paper 12° Study regarding the Internet Habits of Mexican Users 2016, approximately 59.8% of the Mexican population has internet access, which means 65 million Mexicans have Internet access every day.

In addition, the American Chamber of Commerce – Chapter Mexico paper Understanding the Shadow Market in Mexico, revealed that 70% of the population knew that piracy had negative effects on the country, although 58% considered that these effects are not serious. This shocking result for the protection of IP rights in Mexico is mainly derived from the fact that Mexican society apparently does not understand the real impact of counterfeits and piracy products in our country.

Now, after having analysed all the aforementioned elements, we have to take into account that Mexico has increased, as it can be appreciated, the currency of the society through the Internet. Moreover, we have to take into account that the society has begun to start implementing a culture of trade through internet. This can be represented through the increase of platforms such as MercadoLibre, Linio, De Remate, among others, and mainly derived from the arrival of one of the biggest platforms worldwide, Amazon, which only a year ago arrived in Mexico.

So from now on, we will analyse the impact of these new forms of trade, and the impact on the protection of intellectual



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property rights, not only regarding the right holders but the society.

First of all, we should define that this paper will be based mainly on the online marketplaces, and the impact on the trade in Mexico, their liability in the trade related with the Intellectual Property rights, and the increase of counterfeit products. Because of this, we will define the online marketplaces as platforms that offer as intermediaries the opportunity to businesses or to persons to offer in sale and to purchase several products through the Internet.

Now, we have to remark that derived from this form of trade through the Internet, not only has the trade increased in the world, and the possibility to acquire products that before were beyond the possibilities of the society, at the time we can have them in a couple of days in our offices.

Derived from the above, right holders have been affected because of the increase of the trade of counterfeit and piracy products through the world. But the intermediaries also have been facing a great problem based on the fact that they have to deal with suppliers, customers and sub-intermediaries. Furthermore, society has been affected directly due to the acquisition of products that apparently are authentic, but as soon as they arrive can be seen to be counterfeits, or worse cases where the buyers never realized that the products are not authentic.

Derived from the above, and mainly due to the increase of the users, sellers and buyers through this online marketplaces, we have to establish the roles and responsibilities from



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the intermediaries, mainly based on the trade of counterfeit and piracy products, not only to protect IP right owners but the society itself.

This topic has become one of the most relevant issues to fight against counterfeits and piracy, mainly derived from the fact that the trade through Internet has increased rapidly through the world, and Mexico is not an exception.

Suggesting several actions

We consider that several actions should be implemented in Mexico, and we can take as part of a possible guideline the Business Action to Stop Counterfeiting and Piracy (BASCAP) paper *Roles and Responsibilities of Intermediaries: Fighting counterfeiting and piracy in the supply chain* to establish the adequate road for all the countries regarding this crucial situation, mainly to identify the supply chains of counterfeit and piracy trade in our country.

It is worth mentioning that several of the main marketplaces, such as eBay, have implemented programmes to protect the intellectual property rights of the right holders, along with promoting and establish a safe place where users can buy and sell their products without any concern about their authenticity. As mentioned, eBay created the Verified Rights Owner (VeRO) programme. Through this system, eBay has tried to establish an adequate form to fight against counterfeits online, providing users along with sellers a safe online market, where they can be assured that the products are authentic. As a result, eBay has been one of the most proactive companies (online market-

places) on this issue. Moreover, they have provided the right owners a safe place to discuss and to work along with them regarding this type of problems.

In addition, MercadoLibre throughout all Latin America has implemented a similar programme, mainly giving the opportunity to users along with the right owners to fight against the counterfeit and piracy products that are being offered through their website. With this we can consider that this type of actions should be implemented in all the market places.

As mentioned, when an internet user starts an account at an online marketplace they are being forced to respect and to comply with all the intellectual property rights. These type of actions should also include that not only the online market places can proceed with the download of the seller or the offer, but with the information where the right holders can track the counterfeiters. With all of these actions, we will be able to identify the supply chain of the illegal products. This will involve several amendments and inclusion on marketplaces as well as IP Laws, of several countries. But as it is established in several papers that associations that protect intellectual property rights through the world have published, this is one of the most important actions that we can implement to stop this situation.

Identifying the supply chain should be the main goal of the right owners, the online marketplaces as well as the society,

Mexico has implemented different intellectual property programs to fight against counterfeit and piracy. Nevertheless, none of these programs included the protection of the intermediaries, marketplaces, auction sites, and so on

because, even though we implement action to seize products and to initiate legal actions against the importers or the suppliers, we will never be able to stop this illegal actions if we are not able to identify and track down all the participants of the supply chain.

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The Mexican government should participate and encourage all these companies and intermediaries, to raise this topic, and try to generate a greater impact worldwide regarding the supply chain that we will be able to identify if we work as a team, and not separately

of the intermediaries, marketplaces, auction sites, and so on, which once again not only generates a direct damage to the right owners but to the society itself. We also have to take into account, that not only have these programmes not introduced this topic as main discussion point, but the Mexican society, as mentioned at our introduction, does not consider as a serious crime the fact of purchasing or trading counterfeits or piracy products.

Protecting consumers

After analysing all the relevant main points of this discussion, including the social aspect, we consider that this topic should be raised at the main discussions, associations, government politics, etc., to start requesting and demanding all the intermediaries, mainly the online marketplaces to implement an intellectual property protection programme. All the Mexican sites should protect and warn the consumers and the users about acquiring counterfeit or pirate products. With this, not only should the intellectual property rights of the world wide companies be protected, but they should first be considered as a safe place, a secure intermediary where users can offer and purchase their products without questioning if the products are authentic or not. Moreover, not only should these intermediaries be implementing this type of programmes, but Mexican society should raise this awareness about the problem that we are facing and the risk that we will face in case of increasing the counterfeit or piracy products in our country.

The main point of this article relies on the fact that as part of a system the intermediaries, brand owners, right holders, buyers, society, and everyone involved in these type of trade, should be involved in protecting the safety, rights and society, hand in hand. Implementing systems that have been developed by

several intermediaries, online market places that could be used as examples, take into account the interaction and collaboration that has been established after several years, between the right owners, intermediaries and society.

As a complete environment, all of us should bear in mind that, everyone is related with this type of illegal activities, and we will only provide a resolution if we start working together, if the government, the intermediaries, the right owners, their representatives and the society, understands the risks as well as the damages that all of this will imply for the protection of the intellectual property rights among others.

As part of this, we recommend first of all establishing in all the intermediaries, contract terms that include the protection of intellectual property rights, as well as explicit prohibition to use their platforms to trade counterfeits or piracy products. Along with this, all the industry should understand and be involved in these practices, including the education that every platform, services, intermediary, right owners, should provide or should promote to impact the society, so we can generate a true consciousness regarding this situation.

Along with this, the Mexican government should participate and encourage all these companies and intermediaries, to raise this topic, and try to generate a greater impact worldwide regarding the supply chain that we will be able to identify if we work as a team, and not separately. This includes the implementation of a better legal protection of the intellectual property rights in Mexico, mainly derived from the fact that since the implementation of new Criminal System, the ex officio actions have been modified, to only include a list of crimes such as homicide, kidnapping, rape, etc., but this does not include intellectual property crimes. Therefore it should be considered to include once again the crimes related with copyrights in the list of the crimes that should be persecuted ex officio by the Authorities.

Finally, we should once again mention, that this is not only a problem that will be tackled by the right owners, or by the government, all the elements of this new Internet trade system should be involved in protecting the users, Internet, Intellectual Property rights and mainly the society. We should be implementing actions step by step as a group, as Jeffrey Hardy, Director of the ICC initiative Business Action to Stop Counterfeiting and Piracy (BASCAP) mentioned during the Annual Spring Conference of the International Anticounterfeiting Coalition (IACC) held on May 2016: "Establishing and enforcing clear contract terms, knowing who is trading on their platform, identifying and guarding against high-risk behaviour patterns, and adopting automated risk management tools are all tried-and-true business practices that are already available to online platforms today", this will be a good way to start with this fight in Mexico.